OLD TOOLS ARE THE SHARPEST

Marion Gamel

I coach CEOs and Entrepreneurs all over the world. Amongst the challenges they face and the changes they have to adapt to, there's a topic that often surfaces in our conversations: Efficiency.

Whether a company is a new start up of 5 employees, a multinational group listed on the stock market, digital or not, whether a company offer products or services, efficiency is one of the key ingredients to its success.

Efficiency, although it is paramount to growth and success, is invisible, elusive to track, and hard to teach.

While there's no silver bullet that maximises efficiency, there's a tool that everyone has heard about, yet it remains seldomly used by companies: OKRs. In my role, as an executive coach, I encourage leaders to make changes today, no matter how big or small, that will empower the company to reach tomorrow's target.

OKRs are not new, neither are they sexy. Granted, a new company mission statement or strategy would be lot more exciting. However, the secret of efficiency often lies in the HOW much more than the WHAT, and when it comes to HOW we do things, a good tool is often the solution. Having been introduced to OKRs at Google in 2003, I have now been using OKRs for 15 years.

WHAT ARE OKRS?

You'll find several definitions of OKRs online, this is one of my favourites:

Objectives and Key Results (OKR) is a technique for setting and communicating goals and results in organizations. Its main purpose is to connect company, team and personal objectives to make sure people move together in the right direction. OKRs ensure that each individual knows what's expected of them at work. OKRs are kept public, so teams know what others are focusing on.

A BIT OF HISTORY

OKRs were first introduced at Intel in the 70's. They've since been used by Apple, Accenture, Amazon, Dell, Dropbox, Eventbrite, Linkedin, Oracle, SalesForce, Spotify, Twitter, Uber, Netflix... to name a few companies who've relied for decades on OKRs to improve or maintain efficiency.

WHY USE OKRS?

The list of benefits that both companies and their employees realm from OKRs is long and strong.

Company:

- Everyone contributes to the big goals
- Clarity about what gets done, by whom and when
- No big project is dropped
- Easy to track progress made on key projects
- Communication flows, as a result, collaboration is optimal
- Deal with promotions and salary reviews in the most transparent and fair manner

Employees:

- Everyone works on what truly matters
- Ownership of an area, autonomy, accountability
- Employees' roles are clearly defined.
- When additional unplanned tasks present themselves, OKRs empower employees to re-prioritise
- Easy to self rate own progress and growth. Clarity on what was achieved
- Clarity about dependencies: Who is waiting for who's work
- Employees manage their own workflow, ambition. They self-rate their achievements and draw their own growth-path

THE ARCHITECTURE OF OKRS

In their simplest form, team or individual OKRS comprise a list of a few objectives, that are aligned with the pillars of the company strategy. Under each objective, are listed a handful of key results. These key results are the steps or tasks that must be achieved in order to reach the objective.

With clear objectives, anyone in your team can say : "THIS is what I am focusing on this quarter, and what I will deliver to the business."

Key results empower individuals to say: "THIS is how I am going to achieve my objective."

YOU'VE BEEN USING OKRS UNKNOWINGLY

I deliver workshops for companies to help them implement OKRs at team and at individual level. I often surprise people who've never used OKRs at work, by telling them that they've actually been using OKRs all their life!

Let's take an example that everyone should be able to relate to: You want to buy your first apartment within the next 6 months. Getting on the property ladder is your Objective.

There's a list of things you need to do and put in place to reach this objective:

- Find out how much a bank could lend you, at what rate and under which conditions, how much deposit you need to put in
- Calculate how much you could save in 6 months for a deposit
- Set the maximum price you can afford, in the neighbourhood that you like
- Visit about 10 properties
- Make an offer

The list of things that have to be done in order for you to be in a position to buy a first property is your Key Results.
OKRs are a structured way to make a commitment, and a plan to reach that objective.

While every company makes a commitment to pay a precise compensation package to their employees, to train them and to treat them well, OKRs empower employees to be specific about the commitment they make in return.

SOME OKR EXAMPLES

Let's take a fictional company, who offers casino games online. The company's goal is to become one of a top 5 players in Italy, Spain and Denmark within the year, and the strategy to get there is three-fold:

- Attract 100,000 new customers, via the widest range of casino games and the most generous bonuses
- Delight customers with a state of the art interface on desktop and mobile devices, and with the best customer experience and support
- Retain over 50% of its existing customers for a year, thanks to an ever-growing mix of blockbuster and unique casino games and a generous loyalty program

The marketing team will have its hands full! This is what one of the Objective and Key Results for this team will look like, for a quarter:

Objective:

Acquire 25,000 new customers, at an average cost per acquisition of €110, with a predicted life expectancy of 1 year, for a budget of €2.75million.

Key results:

1. Attract 5,000 new users of high quality via affiliate marketing at a cost per acquisition of €50 (€250,000 quarterly budget)
2. Attract 10,000 new users of high quality through SEO, at a cost per acquisition of €10 (€100,000 quarterly budget)
3. Attract 10,000 new users of high quality through performance marketing at a cost per acquisition of €50 (€500,000 quarterly budget)
4. Improve brand awareness and affinity in each key market, through TV, sponsorship and Social media (€2,000,000 quarterly budget)
5. Predict customer lifetime value and life expectancy within 15 days of acquisition

Now let's take as an example the head of affiliate marketing, and look at one of her individual OKRs.

Objective:

Acquire 5,000 users of high quality via affiliate marketing at a cost per acquisition of €50 (€50,000 quarterly budget)

Key results:

1. Optimise our existing relationships with top 5 Affiliate partners in each of the 3 markets, secure top placement on homepage and negotiate a cost per acquisition below Euro50
2. Test 5 new affiliate partners in each market within the first 2 months of the quarter, analyse and keep the top two performers per market.
3. Stop working with the 10% poorest performing affiliate partners in each market by the 2nd month of the quarter, re invest in top affiliates before the end of the quarter
4. Hire a new Affiliate Marketing manager for Italy, retain the Affiliate marketing managers in place in other markets
5. Sharpen tracking and reporting tools to offer affiliate partners the best possible experience and fastest payments and reach an affiliate satisfaction level of 8/10

Often when I show examples of OKRs, people react by telling me "But.... this is exactly what I already do!".

OKRs are not about adding more work, they're about listing individuals' commitments and key deliverables and making them public so others know what to expect of you and what is expected of them. OKRs make it easy for everyone to be aware of the dependencies and domino effect that is the reality of every company, and their role in it.

<< OKRs are not about adding more work, they're about listing individuals' commitments and key deliverables and making them public so others know what to expect of you and what is expected of them. >>

OKR TIPS

Each company "does" OKRs differently. I for instance ask my team to add the strategy pillar they're feeding into, next to each of their objectives, to make sure no one's working on something that's not 100% aligned with our company big goals.

There are some tips that I find useful to fully benefit from OKRs:

Objectives:

- 3 to 5 maximum. With more than 5, employees are spreading themselves too thin to be impactful
- Measurable, there has to be a number or percentage in there
- Time bound, meaning a clear delivery date
- Challenging (bigger every quarter). No sandbagging allowed!
- Shared with stakeholders, manager and teams who are part of the individual's network of dependencies. No hiding!
- Some objectives may look very similar quarter on quarter, and that's to be expected if the individual's role remains the same

Key results:

- Maximum 5 key results per objective, or it turns into a laundry list
- Measurable so employees can rate their own progress monthly. Everything these days is measurable, via digital tracking, internal or external surveys...
- Something relatively big that will take a generous amount of time and resources. Key results should not be 'business as usual': Attending a meeting is not a key result.
- Talent management (hiring, retaining, growing...) should be a key result for managers, as it's and essential and time consuming activity
- The sum of someone's key results should not represent more than 70% of this person's time. It's a simple rule to ensure that everyone remains agile during the quarter, as unexpected tasks will come up

OKRS & TIME

1 - Use OKRs to set the pace:

OKRs are a great way for an employee to cut the quarter into chunks and to know what to deliver on a monthly or even on a weekly basis, to plan his workload.

Let's take an example of Simon, a sales manager. His objective is to deliver 5 new clients this quarter, signed and ready to go.

- He knows that in order to get five clients, he needs to answers about 10 Requests For Proposal (RFPs)
- Being invited to answer ten RFPs requires for him to pitch face to face to twenty potential clients
- To get to twenty meetings, he needs to meet about forty potential clients and tell them about the product he's selling
- He can meet forty potential clients by attending three industry conferences
- He also needs a great sales pitch

All these tasks, or key results, can be spread out on a timeline, helping Simon plan his tasks or key results by week as well as their order of execution, required resources and his focus.

2 - There's a seasonality to OKRs

Most companies have a yearly strategy. They then divide the year into quarters. Most commonly, OKRs are done quarterly. Here's an explanation of what happens, and when, during the quarter:

- 1st week January: Individual Q1 OKRs are drafted and shared with colleagues to ensure there is complete transparency on commitments, delivery dates and dependencies
- 2nd week January: Individual Q2 OKRs are approved by managers and made public
- Mid February: Half way through the quarter is a good time for employees to self assess how they're performing versus their OKRs, to discuss any under or over delivery with their manager, and to inform colleagues and dependencies
- Last week of March: Employees self-rate their Q1 OKRs and share their analysis with their manager
- First week of April: Q2 OKRs are drafted and shared with colleagues.
- 2nd week of April: Q2 OKRs are approved by managers...

OKR FAQ

Leaders are likely to get some level of push back by employees about starting to use individual OKRs. This happens every time a new process is introduced. Some employees may feel uncomfortable about writing down their own commitments about their individual deliverables. This type of hurdle will be overcome within a couple of quarters. One of the best things a leader can do is show the way, be a good sport, and do his own OKRs shared across the company.

Here are some frequent questions and concerns I hear about OKRs:

OKRs are for large companies, we're only small!

OKRs are used by Eventbrite, a company of a few hundreds employees. Google only had a few dozens of employees when they started using OKRs in the early 2000's.

I prefer to do my job, rather than spending time listing what to do

OKRs take 30 min to draft, once a quarter. Telling colleagues what you commit to delivering is part of your job.

I'm a manager, how do I make sure everyone in my team uses OKRs?

1. Do your own OKRs, and teach your team how
2. Empower team members to teach others
3. Early in the quarter - check your team OKRs and give feedback.

We already have a performance evaluation process, we don't need another one

OKRs are not a performance evaluation tool. They help each and every employee to:

- Self-rate his work. He monitors his deliverables and growth. OKRs are like golf, you're competing with yourself
- Keep track of his contribution to key projects in the last three to twelve months, which is very hard when everyone is so busy but extremely helpful when it's time to ask for a promotion
- Position his work when he speaks to a Senior Executive. Indeed, listing his three objectives and explaining how they feed into the overall company strategy will help a C-level executive understand the employee's role and responsibilities

Efficiency is the keyword in most companies. A key step to improve Efficiency is to increase the level of ownership, accountability and transparency about commitments and deliverables. OKRs are a transformational tool because they empower employees to understand how they fit into the domino effect of the product chain. OKRs bring a sense of responsibility and autonomy, even to the most junior employees.

OKRs may not be the newest or sexiest of tools, but they are the backbone of the world's top companies and used by the most innovative startups. Tools and processes are not the most exciting way to transform a company's efficiency- a new company mission statement or strategy would feel much more glorious - but sometimes, the devil is in the detail and it turns out that an old tool is still the sharpest. :: CGi

MARION GAMEL

Marion Gamel is a C-level executive with over 20 years of experience. Having started her career as an entrepreneur, she then worked for Google and Eventbrite and was Chief Marketing Officer at Betsson Group. Marion has been coaching leaders around the world since 2015 and is a Registered Business Coach.